

# Automated Commercial Environment—Requirements Recommendation

<b>Date:</b>	September 5, 2001
<b>Number:</b>	REV-009
<b>Requestor:</b>	TSN Revenue Committee
<b>Customs Co-Chair:</b>	Robert B. Hamilton
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## Requirement

Customs claims management systems need to be updated to provide for the following:

1. All claims must be automated.
2. Mechanisms must be provided to recognize that there may be multiple bonds covering an entry and insure that claims are issued to the correct surety. Further, in the case of co-surety, the system must also insure that all sureties are notified in the event of a claim.
3. When making a claim, the supporting data that may be in an electronic form must be provided in a means that can be read by the surety and in a format that can be used in any proceeding action against a bond principal.

## Business Need

1. Currently, certain claims are handled manually by Customs. Debit Vouchers, Passenger User fees, and USC1592(d) claims are not automated. These claims, and any others, should be incorporated into the appropriate claim system and the claim information should be included on the downloads.
2. In the cases of superseding bonds, bond substitution, supplemental bonds or bonds issued for Anti-Dumping/Countervailing Duty there can be more than one bond issued that covers an entry. In some cases a violation may only be applicable to one of the bonds issued for the entry. Customs Claim Management systems must be able to recognize which bond covers the violation and be able to issue the bill to the correct surety.

In some cases, bonds may be written with co-sureties - when two or more sureties secure a bond, up to a limit of liability, who are jointly and severally liable. In the event of a claim, both sureties must be notified of the breach of the bond.

3. Presently, when Customs issues a claim it must make available documentation or entry records to support that claim. The surety examines the information to verify the claim's validity. If valid, the claim is paid and then the surety will proceed against the principal for reimbursement. The documents are used, again, to support this action and may be required to be presented in a court action. The sureties are more concerned that in a paperless environment Customs may not have most of the entry documentation. The surety is a party entitled to receive copies of all entry related documents from the record keeper under 19 CFR 111.24.

Moving into ACE, where much of the entry documentation will be electronic, a means must be provided to present these records in a format that can be used for both these purposes

**Technical Need****Benefits**

An enhanced claim management system will insure that Sureties can promptly notify their principal on all claims and will not have to rely on paper notification that can be lost or misdirected.

Early and accurate notification will result in faster claim resolution and significant reduction in Customs' open accounts receivable balances. Claims made on the incorrect surety lead to unnecessary work researching and denying claims that in turns leads to late notification to the correct surety

**Risks****Related Subcommittees**

Priority:    **Critical**   ☐                      **High**   ☒                      **Medium**   ☐                      **Low**   ☐